FOR MYSORE STATE

Secta. II-37—100,000—22-5-47.

Finance (1947) Department.

'B' SERIES.

G.O. No. 357

357

Dated 21.5.47.

[Despatch Abstract.]

Budget 1947-48 — Demand XXXI Misc.

Note on policy underlying the items included

Cut motions — Papers recorded.

Finance (B.G.) Department

Demands for Grants for 1947-8
XXXI. Miscellaneous - Voted -
Policy underlying the demand.

Please see the U.O.Note on p.1 C.F. This section is concerned with the miner heads 'Miscellaneous Compensations', 'Amount transfered from 85-A. Capital outlay on Provincial Schemes of State Trading' and 'Transfer to the Fund for Village Reconstruction and Harijan Uplift' included in the compesite demand 'XXXI. Miscellaneous' - c.f. A, B and C on pp.6-7 C.F. No provision has been made in the Budget for 1947-8 for transfer to the Fund for Village Reconstruction and Harijan uplift. With refce to para 1 of the U.O.Note, a draft note explaining the policy underlying the provision for the other two items is submitted below. It may be circulated to H.P.M.

Demand XXXI Miscellanceous has been voted by the Assenbly - These papers may be 'Recorded.'

G.O.Ms.No. 357Fin dated 21.5.47.

Budget 1947-8 - Demand XXXI - Miscellanceous

Note on the policy underlying the items included in a cutmotions papsrs recorded.

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GK.20.5.

Finance (B.G) Department.

Budget Estimates for 1947-8.

Demand XXXI - Miscellaneous.

Note on the policy underling the items of expenditure which are included in the composite Demand 'XXXI. Miscellaneous' to be moved by the Hon'ble the Prime Minister.

The expenditure to be incurred under the following major heads of account during 1947-8 is included in Demand XXXI. Miscellaneous'

30-B. Ports and Pilotage.
57. Miscellaneous.
63. Extraordinary Charges.

The various items of expenditure booked under these heads are explained in paragraphs 625-641 on pp.113-115 of the Budget Memorandum for 1947-8. Of these items of expenditure, H.P.M. is concerned with the following two items controlled by the Finance (Budget) Department:

(i) 57. Miscellaneous - Miscellaneous Compensations, and

(ii) 63. Extraordinary charges - Charges in India- Amount transferred from '85-A. Capital outlay on Provincial Schemes of State Trading'.

2. The policy underlying these items of expenditure is as follows:-

Item (i) Miscellaneous Compensations - This head provides for certain small fixed periodical payments of Compensation. The budget provision for 1947-8 is Rs.1,000 against the expenditure of Rs.779 in 1945-6. The provision is intended mainly for the following two items:-

(a) Compensation at Rs 30 per month for loss of the rent of certain bazaars in the Small Fort at Tanjore which were removed under the orders of His Highness the Maharajah of Tanjore.

(b) Special life pension of Rs 87 per quarter sanctioned to a Veterinary Assistant Surgeon who sustained serious injuries while undergoing treatment in the Madras General Hospital.

P.T.O

Item (ii) Amount transferred from '85-A. Capital Outlay on Provincial Schemes of State Trading':-

The Government have had to undertake a number of state Trading Schemes in order ~~kk~~ to distribute essential supplies at reasonable prices for the benefit of the pubbic in view of the shortages ~~xxx~~ created by the war and the failure of crops due to natural disasters in the Province. The main schemes are those for the purchase and distribution of foodgrains, firewood and manure. The gross transactions relating to these Trading Schemes are intially booked in detail under the head '85-A. Capital outlay on Provincial Schemes of State Trading' in the capital section of the accounts under 'Demand XXXIX'. The net outlay during 1947-8 (after deducting the receipts from the various schemes) which is subject to the vote of the Legislaturre, is estimated at Rs.606.83 laks. It relates mainly to the cost of subsidies* to cover losses on rice, wheat and wheat products, other foodgrains and firewood. Losses arise where the Government consider that it is necessary to sell the goods at rates, below the cost price. Owing to comparatively better seasonal conditions in the current year, the Government anticipate that the food situation will improve considerably and that an appreciable reduction may be possible in the import of foodgrains from outside the Province. As a result, the total estimated net outlay on State Trading Schemes (Rs606.83 lakhs under 'Voted') during 1947-8 is smaller than the provision made in the revised estimate for 1946-7 (Rs 901.13 lakhs under 'Voted'). Proposals for further reduction of the net outlay on these schemes are under the consideration of the Government.

Estimated cost of Subsidies.

	B.E 1947-8 Rs.Lakhs
Rice Subsidy.	156.00
	110.00
Wheat and Wheat Products.	141.45
other food grains.	21.78
Fire-wood.	24.23
Total.	453.54

The net outlay on the Trading Schemes is not productive capital outlay, and the great bulk of it is due to subsidies as explained above. These subsides are outright expenditure by the Government and not capital investments.

They do not add to the permanent assets of the province. The cost has therefore to be met from the Hevenue Account. It would be very improper to leave such expenditure as a permanent debit to the Capital Account. In accordance with the correct practice, which has consistently been followed till now, the Government propose to transfer the net outlay on the Trading Schemes in the year 1947-8 to the Revenue Account as a debit under the head'63. Extraordinary Charges'.

T.N.S. Raghavan
7-3-47.

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Supdt. Madras Record office
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